



PROPOSED AMENDMENT

HB 1004 # 7

DIGEST

PROPOSED AMENDMENT TO HB 1004. In making the annual calculation of the base rate for the assessment of agricultural land, requires the department of local government finance to use an adjusted six year average that eliminates the highest and lowest values determined for the six year period. Applies a property tax credit to limit property tax liability on real property based on the percent change in the annual average CPI. Excepts from eligibility for the credit taxes based on certain changes relating to the real property, taxes imposed after being approved by the voters in a referendum or local public question, and taxes payable in the first year after certain transfers of title.

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-1.1-4-4.5, AS AMENDED BY P.L.136-2009,
- 3 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JANUARY 1, 2010 (RETROACTIVE)]: Sec. 4.5. (a) The department
- 5 of local government finance shall adopt rules establishing a system for
- 6 annually adjusting the assessed value of real property to account for
- 7 changes in value in those years since a general reassessment of
- 8 property last took effect.
- 9 (b) Subject to subsection (e), the system must be applied to adjust
- 10 assessed values beginning with the 2006 assessment date and each year
- 11 thereafter that is not a year in which a reassessment becomes effective.
- 12 (c) The rules adopted under subsection (a) must include the
- 13 following characteristics in the system:
- 14 (1) Promote uniform and equal assessment of real property within
- 15 and across classifications.
- 16 (2) Require that assessing officials:
- 17 (A) reevaluate the factors that affect value;
- 18 (B) express the interactions of those factors mathematically;
- 19 (C) use mass appraisal techniques to estimate updated property
- 20 values within statistical measures of accuracy; and
- 21 (D) provide notice to taxpayers of an assessment increase that
- 22 results from the application of annual adjustments.
- 23 (3) Prescribe procedures that permit the application of the

adjustment percentages in an efficient manner by assessing officials.

(d) The department of local government finance must review and certify each annual adjustment determined under this section.

(e) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment under subsection (a); **(c) for property taxes first due and payable after 2010**, the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology to:

(1) use a six (6) year rolling average **adjusted under subdivision**

(2) instead of a four (4) year rolling average; **and**

(2) eliminate in the calculation of the rolling average:

(A) the year among the six (6) years for which the highest market value in use of agricultural land is determined; and

(B) the year among the six (6) years for which the lowest market value in use of agricultural land is determined.

(f) For assessment dates after December 31, 2009, an adjustment in the assessed value of real property under this section shall be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.

SECTION 2. IC 6-1.1-20.6-3, AS AMENDED BY P.L.146-2008, SECTION 219, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 3. As used in this chapter, "property tax liability" means, for purposes of:

(1) ~~this chapter, other than~~ section 8-5 7.5 of this chapter, liability for the tax imposed on property under this article determined after application of all credits and deductions under this article or IC 6-3.5, except the credit under **section 7.5 of this chapter**, but does not include any interest or penalty imposed under this article; and

(2) ~~section~~ **sections 8.5 and 8.7** of this chapter, liability for the tax imposed on property under this article determined after application of all credits and deductions under this article or IC 6-3.5, including the ~~credit~~ **credits** granted by ~~section 7 or sections 7.5 and 8.7~~ of this chapter, but not including the credit granted under section 8.5 of this chapter or any interest or penalty imposed under this article.

SECTION 3. IC 6-1.1-20.6-8.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 8.7. (a) As used in this section, "index" refers to the United States Department of Labor Consumer Price Index for all Urban Consumers.**

(b) As used in this section, "index factor" refers to the percent change in the annual average index determined by dividing the most recently available annual average index for a calendar year by the annual average index for the immediately preceding calendar year.

(c) Subject to subsections (d), (e), and (f), an additional credit applies under this section for property taxes first due and payable on real property in 2010 and in each subsequent calendar year in the amount by which the property tax liability first due and payable on the real property for the current calendar year exceeds the property tax liability first due and payable on the real property for the immediately preceding calendar year adjusted by the index factor.

(d) Property tax liability imposed:

- (1) on an improvement to or expansion of the real property;**
- (2) as a result of a physical change to the real property; or**
- (3) as a result of a change in use of the real property;**

after the assessment date for which property tax liability for the immediately preceding calendar described in subsection (c) was imposed is not considered in determining the credit granted under this section in the current calendar year.

(e) Property taxes imposed after being approved by the voters in a referendum or local public question are not considered for purposes of calculating a credit under this section.

(f) Except as provided in subsection (g), the credit under this section does not apply for property taxes first due and payable in a calendar year if one (1) or more transfers of title to the real property result in an entity being liable for the property taxes on the real property in that calendar year that is different from the entity that was liable for the property taxes on the real property in the immediately preceding calendar year.

(g) Subsection (f) does not apply to real property that is jointly held with another owner following the removal of the joint owner if:

- (1) the individual is the sole owner of the property following**

1 the death of the individual's spouse;

2 (2) the individual is the sole owner of the property following
3 the death of a joint owner who was not the individual's
4 spouse; or

5 (3) the individual is awarded sole ownership of property in a
6 divorce decree.

7 SECTION 4. [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]

8 The provisions of this act are severable, so that if:

9 (1) any provision of this act; or

10 (2) the application of this act to any person or circumstances;
11 is held invalid, the invalidity does not affect other provisions or
12 applications of this act that can be given effect without the invalid
13 provision or application.

14 SECTION 5. An emergency is declared for this act.

(Reference is to HB 1004 as introduced.)